

# Belize vs. UK, EU, Eurozone (BREXIT), CARICOM, CARIFORUM

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# The EU

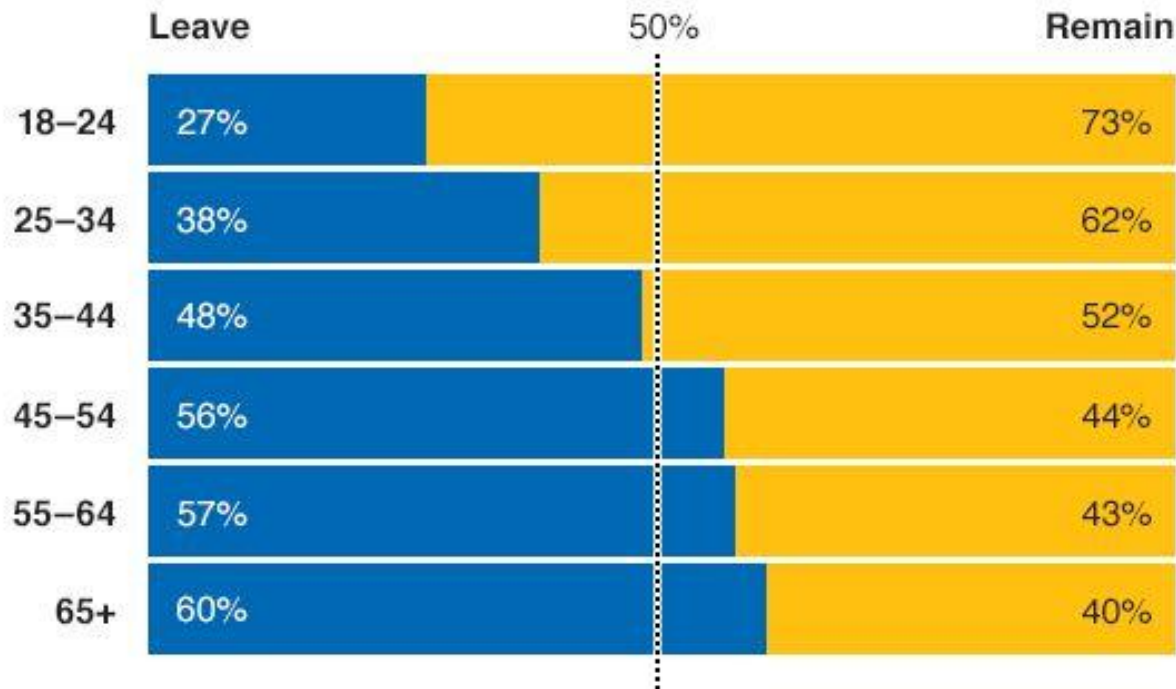
The European Union (EU) is a politico-economic union of 28 member states that are located primarily in Europe. The eurozone (officially called the euro area) is a monetary union of 19 of the 28 European Union (EU) member states which have adopted the euro (€) as their common currency. Three of the EU members have chosen to retain their national currencies, namely: Denmark, Sweden and the U.K

# British people leaving the European Union

## Some analysis of BREXIT

Leave: 51.5%      Remain: 48.5%

### How different age groups voted



Source: Lord Ashcroft Polls



The result of BREXIT is so far political uncertainty in the UK. This election has divided the country, mainly between the younger generation and older generation; and between those voting to remain and those voting to leave the EU.

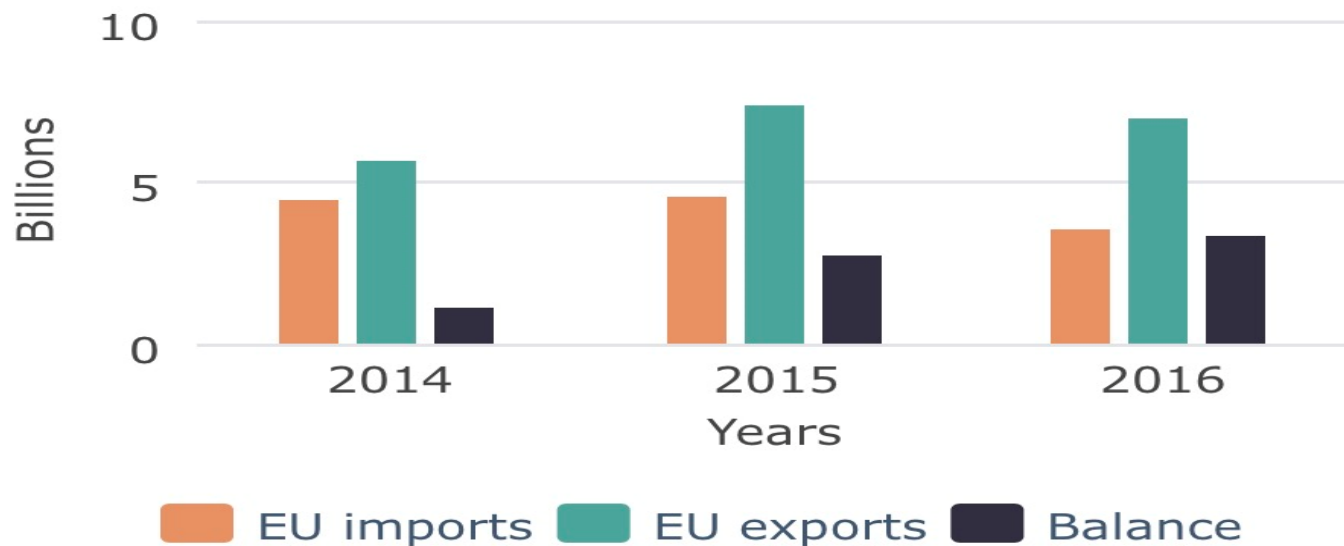
# CARIFORUM – EU

## Economic Partnership Agreement

(CARIFORUM = CARICOM plus the Dominican Republic)

### EU-ACP - Caribbean Countries: Trade in goods

#### Table



# European Union, Trade with Belize

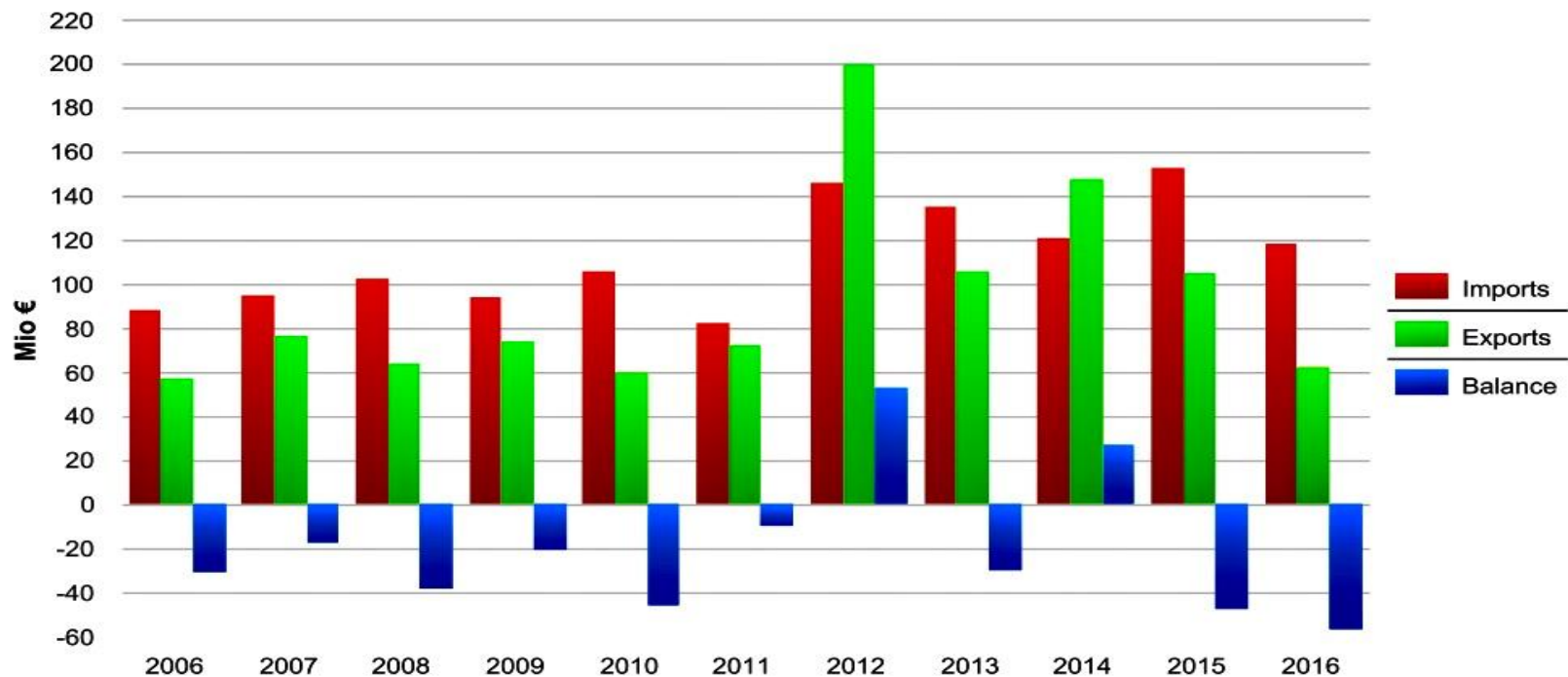
## Belize has performed healthy trade relationship



### European Union, Trade with Belize

#### Total goods: EU Trade flows and balance, annual data 2006 - 2016

Source Eurostat Comext - Statistical regime 4

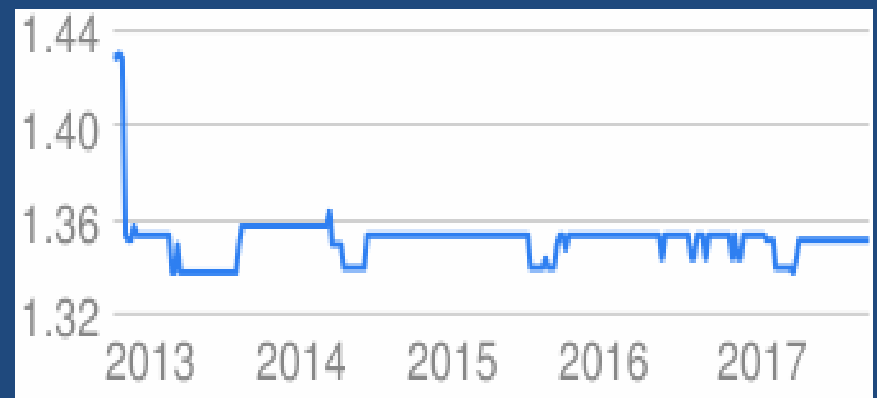


# \$1BZ into €, £, US\$, EC\$

## Euro, Pound Sterling



## US dollar, EC dollar



## Some analysis of currency fluctuations

there are 400 million potential consumers in Eurozone, and only 60 million in the UK. The Eurozone is a bigger market for Belize.

In trade with other countries, businesses like to see two things: political stability, and currency stability. These factors help a business to make long term plans. Short term plans are costly.

Too much currency fluctuations may become a problem for businesses to make long term plans.



# Suggestions for further study

1. Belize should be prepared for **international shocks** like BREXIT. In the process of shaping globalization, shocks of different kinds are expected at any time.
2. Belize need to engage in economic transformation that makes them **less dependent on EU** and **the UK** aid, trade, and investment.
3. Belize need to **diversify its economy** by focusing on investments in education that makes local producers more productive, specially farmers and small businesses.

## Suggestions for further study

4. Trade relationships are usually stronger between neighbouring countries, and with countries with large economies. It might be that Belize's future will be better off by having economic relation with the EU and its immediate neighbours, than with its previous colonial ties.
5. The U.K. Is still the leading member of the Commonwealth, of which Belize is a member. Consequently, the speculation is that the UK will increase its trade between member states.

## A number of other possibilities are predicted by experts:

For the UK, if £ (Pound Sterling) appreciate, evaluate or become stronger, then export falls and import increases. If £ depreciate, devalue or become weaker, then export increases and import falls.

In the first week after Brexit, £ will be depreciated and could cost LDCs **\$500 million** in lost exports. We don't know if Belize will be affected, as trade will continue as before.

If depreciation of the £ continue in the long run, the effect will be about **\$2 billion** of lost exports. Belize may be affected.

If the pound continues to fall further, the effects could increase, which is about **\$6 billion** aid budget allocated to LDCs.

## More analysis of currency

In the UK, a weaker pound may be welcomed by tourists going to the UK. Also, manufacturing exporters will increase. But it become more expensive for the British people to visit other countries, and also it becomes more expensive to import. This means less British tourist come to Belize, and less import from Belize.

Of course the UK can benefit from a number of other industries that are unique for export (inelastic): Tourism, shipping industry, two biggest airports, pharmaceutical industry, English language, time zone, higher education.

## We can envision two main scenarios with BREXIT

- 1) The UK continues a UK-EU customs union: This is less disruptive. The UK could continue its trade under current Economic Partnership Agreements between EU and CARIFORUM.
- 2) The UK adopt an independent trade policy: This might create problems. Some experts, however, suggested that the UK would create a better trade relationship with other countries and in particular with LDC and with the Caribbean as a leading member of Commonwealth.

**Important:** It is too early to say what will be the direction of economic relation of Belize and BREXIT, primarily because the discussions are in the early stage.

# Profit = Sales - Cost

Becoming profitable in any business organization, one obstacle is the cost. Belize is blessed with 3 things, free of cost, and most attractive to tourism industry:

1. Blue and clear water of the Caribbean sea
2. Attractive weather condition throughout the year
3. Beautiful sceneries of nature

**With Loving and friendly people**

# THANK YOU

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